

**MINUTES
OF THE SPECIAL MEETING OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
JULY 6, 1999 -- 5:00 P.M.**

ROLLCALL Answering rollcall were Members Faust, Hovland, Kelly, and Mayor pro tem Maetzold.

2000 PROPOSED BUDGET ASSUMPTIONS AND ADJUSTMENTS PRESENTED Manager Hughes presented a memorandum outlining proposed budget assumptions and adjustments for 2000. He noted that the State has imposed levy limits for another year which severely limits the City's ability to make changes to its service levels and/or add additional programs. The 2000 property tax levy may increase by only 2.2% which is calculated by adjusting the 1999 tax levy by inflation and adding a growth factor based on household growth and commercial and industrial growth. The current levy represents approximately 71% of the revenue base for the City annual budget.

Manager Hughes noted that other legislative trends possibly affecting cities are: reverse referendum legislation; further restrictions on the use of tax increment financing; changes in Medicare Funding affecting Edina's Ambulance revenue; and "Last Best Offer" arbitration.

Manager Hughes reminded that there has been no General Fund support for a Capital Improvement Plan for several years. He outlined the following infrastructure needs that will happen within the next four years:

• City Hall/Police	\$7,000,000
• 800 MHz Radio System	\$1,500,000
• Fire Station Improvement	\$500,000
• Park Improvements	\$1,600,000
• Public Safety Training Center	\$1,600,000
• Sidewalks - City Portion	\$60,000

Manager Hughes said that possible sources of funds for the above mentioned improvements were: internal funds (interest earnings and working capital); Bond issue - City Hall/ Police; and internal charges to Enterprise Funds.

The status of the Enterprise funds was reviewed. It was noted that some Enterprises annually have shortfalls while others make profits. The Liquor Stores for example have been profitable and those profits have been used to subsidize the General Fund, the Art Center, Edinborough and Centennial Lakes. Other profitable enterprises such as the Swimming Pool, Golf Course and Golf Dome have been using their profits to repay operational losses from prior years as well as expansion costs. The water and sewer fund and cable fund are breakeven enterprises that are just self sufficient.

Manager Hughes outlined expected Year 2000 Budget Expenditures and Revenues as follows:

Year 2000 Budget - Expenditures

Major Expenditure Categories

Expenditure	Proposed Adjustment	Rationale:
Wage Adjustment	3%	Settlements
Contractual Services	2%	CPI
Commodities	2%	CPI
Central Service	2.25%	PERA/FICA/Insurance

Equipment

2%

CPI

- **Other Required Changes:**

• Reduction in Public Safety PERA	(\$100,000)
• General Election	80,000
• Health Insurance \$10/month (+2.7%)	24,000
• Prior year program reduction	(30,000)
• Other Required Departmental Changes	<u>141,000</u>
• Total Required Changes	\$115,000

- **Total Expenditure Increase \$618,000 or 3.34%**

Year 2000 Budget - Revenues

Major Revenue Categories

Revenue	Proposed Adjustment	Rationale:
Taxes	2.2%	Levy Limit Set by State
Fees & Charges	2%	Based on Review of Activity
Court Fines/Fund Transfers	2%	Higher Court Fees/Lower Volume, other needs for liquor funds
Intergovernmental Aid	2%	HACA

Year 2000 Budget - Revenues

- **Other Revenue Adjustments:**

• On Sale Liquor Licenses	\$ 90,000
• Reduction in Tax Abatements/Shortfall	50,000
• Loss of Fairview Medical Director Subsidy	<u>(17,000)</u>
• Total Revenue Adjustments	\$123,000

- **Total Revenue Increase \$523,000 or Revenue Shortfall of \$95,000**

Departmental Requests (Required Item Bold & Italic):

- **Fire Department:**

• Additional Paramedic/Firefighter	\$ 50,000
• Additional Inspector/Firefighter	<u>50,000</u>
• Total Request for 2000	\$100,000

- **Public Works:**

• Career Development Program	Budget Re-allocation
• Automated Truck Wash	\$75,000-25,000

- **Health Department:**

• <i>Fund mileage shortfall</i>	\$ 2,600
• Noise Monitoring Equipment	<u>5,000</u>
• Total Request for 2000	\$ 7,600

- **Police Department:**

• <i>Data Processing - MDT Contract</i>	\$ 15,000
• <i>Service Contracts - MDT Project</i>	15,000
• <i>Equipment Replacement - Laptops/MDT Project</i>	33,000
• <i>Additional Inspection Expenses</i>	7,000
• <i>P.O.S.T. License Fees</i>	1,500
• New Investigative Position	65,000
• New Asst. Support Services Manager	55,000

• Increased Overtime	15,000
• Continuing Education	20,000
• General Supplies	7,000
• Uniforms	4,000
• Crisis Negotiation Throw Phone	5,000
• Total Request for 2000	\$242,500
• Building Department:	
• <i>New Building Software</i>	\$ 15,000
• Convert part time support position to full time	20,000
• Uniforms	1,800
• Total Requests	\$ 36,800
• Park Department:	
• <i>Additional Maintenance \$ due to new facilities</i>	\$ 18,000
• <i>Career Development program</i>	24,000
• Reinstatement of Park Maintenance Position	45,000
• Paths & Hard Surface budget	30,000
• Goose Control Program	5,000
• Total Requests	\$122,000
• Assessing:	
• Additional Digital Camera	\$ 1,100
• Additional Vehicle	16,000
• New Filing System	12,000-50,000
• Software Changes - CAMA System, County Connection	?
• Consulting - Tax Court Case	1,000-15,000
• Part Time Summer Help	3,500
• Technology Changes:	
• <i>Payroll/Financial HR Software Upgrade</i>	\$10,000
• Citywide GIS/Mapping Implementation	20,000

COUNCIL DISCUSSION

The Council discussed the budget presentation. They noted that decisions would need to be made whether to transfer any shortfall from reserves, to cut services, to hold an excess levy referendum, to increase the contribution from enterprises, or to increase fees. Issues raised included whether the Council should become more involved in lobbying the legislation (over levy limits); whether any funds had been set aside to fund City Hall/Police; the impact of future TIF restrictions, how to improve the performance of the various enterprises; suggested that departments look at potential areas to reduce requests, and options available to fund the shortfall. Consensus was that Council would continue looking at budget assumptions July 20, 1999 with a detailed budget available for hearing in mid-September. It was noted that the maximum levy must be adopted by the Council September 7, 1999, but that a final budget would not be adopted until after Truth In Taxation hearings in December.

There being no further business, the meeting adjourned at 6:30 p.m. with no formal action taken.

City Clerk

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